

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 DOTE-00 FMC-01
CG-00 DLOS-09 PA-01 PRS-01 FEA-01 /112 R

DRAFTED BY EB/TCA/MA:RSFARON:BST
APPROVED BY EB:JLKATZ
EUR/NE:DDONCHI
EUR/RPE:ADSENS
EB/TCA/MA:RKBANK

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FM SECSTATE WASHDC
TO AMEMBASSY OSLO

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E.O. 11652: N/A

TAGS: EWWT, NO

SUBJECT: U.S. OIL CARGO PREFERENCE AND MARINE SAFETY
LEGISLATION

REF: OSLO 2056

1. AT MEETING APRIL 25 WITH ASSISTANT SECRETARY KATZ,
UNDER SECRETARY OELBERG AGAIN EXPRESSED HIS GOVERNMENT'S
CONCERN ABOUT THE OIL CARGO PREFERENCE BILL, H.R.1037.
IN COURSE OF DISCUSSION, HE MADE FOLLOWING POINTS:

A) U.S. IS THE MOST IMPORTANT TRADE AREA AND U.S.
SHIPPING POLICY IS DECISIVE
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B) HIS GOVERNMENT IS AFRAID THAT PROTECTIONIST ATTITUDES
ARE SPREADING IN BOTH DEVELOPING AND DEVELOPED COUNTRIES
AND AS PART OF THIS TREND CARGO PREFERENCE MEASURES IN
OIL WILL BE SPREAD TO OTHER COMMODITIES AND CARGOES.

C) OIL PREFERENCE CARGO REPRESENTS ONLY FIVE PERCENT OF

THE WORLD TRADE BUT 90 PER CENT OF NORWAY'S TRADE IS IN CROSS TRADING (TRADE BETWEEN TWO COUNTRIES OTHER THAN CARRYING COUNTRY) WHICH REQUIRES A LIBERAL TRADE REGIME.

D) NORWAY WOULD BE ESPECIALLY AFFECTED BY CARGO PREFERENCE LEGISLATION SINCE 35 PERCENT OF NORWEGIAN SHIPS, ESPECIALLY TANKERS, ARE IN THE U.S. TRADES.

E) THE LEGISLATION WOULD BE COSTLY TO U.S. CONSUMERS

F) THE WORLD TANKER SURPLUS WILL LIKELY CONTINUE UNTIL 1981 IN LIGHT OF CURRENT SITUATION. AN OECD TASK FORCE HAS BEEN ESTABLISHED TO WORK ON THIS CRISIS.

G) THE U.S. CARGO PREFERENCE BILL, H.R.1037, WOULD ADD ONE OR TWO YEARS TO THE CRISIS WITH A NEGATIVE EFFECT ON WORLD SHIPBUILDING SINCE THE U.S. WILL HAVE TO BUILD 17 MILLION TONS OF NEW TANKER TONNAGE, COMPARED TO 1.7 MILLION TONS CONSTRUCTED IN 1976, TO MEET U.S. NEED.

H) HE REMINDED US OF THE U.S. TRADE PLEDGE AND OUR FCN TREATY WITH NORWAY.

I) IN LIGHT OF THE PREDICTED DOLLARS ONE BILLION LOSS TO NORWAY IF H.R.1037 IS ENACTED, THE ISSUE HAS GENERATED GREAT POLITICAL INTEREST IN PARLIAMENT AND THE NEWS-PAPERS IN NORWAY.

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2. ASSISTANT SECRETARY KATZ REPLIED THAT THE NORWEGIANS WERE FAMILIAR WITH OUR POSITION -- THAT THE DEPARTMENT HAS CONSISTENTLY BEEN AGAINST SUCH LEGISLATION IN THE PAST; HOWEVER, THE DEPARTMENT CANNOT PREDICT THE OUTCOME OF THE LEGISLATION THIS YEAR. KATZ ALSO COMMENTED ON THE STRONG WORLD-WIDE SURGE OF PROTECTIONISM THAT WAS ALSO EVIDENT IN THE U.S.

3. WHEN ASKED WHETHER LESS STRINGENT LEGISLATION MAY BE IN THE OFFING, KATZ WAS NONCOMMITTAL. RICHARD BANK (EB/TCA/MA) WENT ON TO DESCRIBE THE STATUS OF H.R.1037, EXPLAIN THAT THERE WAS SIGNIFICANT AGENCY OPPOSITION TO THE BILL AS IT NOW STANDS, AND THAT NO OFFICIAL ADMINISTRATION POSITION HAD BEEN FORMULATED.

4. WE WILL INFORM EMBASSY OF FURTHER DEVELOPMENTS ON H.R.1037. INFORMATION REGARDING SENATE OIL TANKER STANDARDS (S.682) REFTTEL PARA 2 WILL FOLLOW SEPTTEL. CHRISTOPHER

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Message Attributes

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Control Number: n/a
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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Disposition Remarks:
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